

**STATE OF MAINE**  
**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**  
**OFFICE OF SECURITIES**

IN RE: )  
DOUGLAS G. BEZIO ) DECISION AND ORDER  
Docket No. 11-7133 )

This matter comes before the Securities Administrator following the filing by Maine Office of Securities Staff of a Petition for Discipline of Licensee. The Petition, along with a Notice of Rights and Affidavit of Compliance with 32 M.R.S. § 16611(3), was filed with the Administrator on December 1, 2011.

A copy of the Petition was served on Respondent Bezio (hereinafter, Respondent) and Respondent requested a hearing. The Notice of Hearing was issued on January 17, 2012 and the matter was heard on February 29, 2012.

The Petition alleges that Respondent intentionally failed to comply with a Consent Order issued September 30, 2011 by intentionally failing to pay the fine imposed in the Order and, as a result, committed unlawful, dishonest or unethical practices in the securities business. As set forth more fully below and based upon a review of the administrative record, I find that Staff has met its burden of proving Respondent violated 32 M.R.S. § 16412(4)(2005) and hereby Orders that Respondent Bezio's license be REVOKED.

**DISCUSSION**

The pending Petition alleges that Respondent intentionally or knowingly failed to comply with a prior Consent Order entered into by Respondent, signed by the Securities Administrator, and issued on September 30, 2011. In order to resolve disciplinary proceedings without the need for a hearing, Respondent signed a Consent Order the terms of which included the payment of a \$5,000 fine within ten days after the Consent order was signed by the Securities Administrator. The fine was due and payable on or before October 10, 2011.

Respondent admits to all of the allegations contained in the Petition for Discipline of Licensee with the exception of four. First, Respondent asserts that while he knew he was required by the Consent Order to pay the \$5,000 fine within ten days, he did not intentionally choose not to comply. Rather, Respondent argues that due to a change in his employment situation, he was financially unable to comply. Because of the loss of his job with Investors Capital Corporation (hereinafter, ICC) subsequent to the issuance of the Consent Order, Respondent believes his failure to comply with the Consent Order, which he admits, was not unlawful, dishonest, or unethical as alleged in paragraph 9 of the Petition.

Additionally, because Respondent believes his failure to comply was not intentional, he disputes that the Securities Administrator can discipline him and disputes whether revocation or a bar can be imposed. Finally, Respondent denies that any discipline would be in the public interest. His denial is based upon his belief that the original Consent Order, which imposed a period of license suspension as well as the fine, provided a sufficient deterrent to convince him to adhere to the requirements of securities laws and rules. Respondent contends there is no value in imposing further discipline because he is currently out of the business and, consequently, cannot cause any harm to investors.

While Respondent makes a credible case for finding that his financial situation is challenging, he readily admits that he did not intend to pay the fine on October 10, 2011 as required by the Consent Order. Indeed, Respondent testified that at the time the Consent Order was negotiated and he signed it, he knew that he would not pay the fine any earlier than October 12, 2011 when he was supposed to receive payment from his employer, ICC. Respondent was terminated by ICC on October 12, 2012, two days after the due date for payment of the fine. Since ICC withheld Respondent's last paycheck, Respondent did not pay the fine.

Respondent is not without assets or access to funds. Respondent testified that his mother-in-law provided funds on at least two occasions to make his monthly mortgage payment. Respondent's Exhibit 6 is a check from Respondent's mother-in-law in the amount of \$5,300 which Respondent represents as money provided in order to make the monthly mortgage payment on his primary residence in Wellfleet. In his closing statement, Respondent acknowledged that he could have sought funds from his mother-in-law to pay the fine as well but believes there is a greater deterrent effect if he pays it himself.

Respondent acknowledged that his residence on Cape Cod is currently for sale at a price of over \$1.9 million and that he rents the property during the summer months at a rate of \$3,000 to \$6,000 per week. He also testified that he begins to receive deposits for the summer rental in March. When questioned further, Respondent represented that he could possibly pay the outstanding fine when rental money is received but went on to say that paying the fine is a lower priority than providing for his family.

It is clear from the record and testimony that Respondent was well aware before signing the Consent Order that he would not be paying the fine on the date required by the Order. Respondent asserts that he was advised by counsel to pay the fine "as soon as you can" noting that they realized "you're obligated to ten days, but if you can't do it in the ten days, get it there as soon as you can, hoping that they'll [the State] be tolerant." Transcript at 22:1-9.

Aside from Respondent's recollection of a conversation with his counsel, there is no independent evidence in the record to support his assertion. Even assuming, *arguendo* that counsel so advised Respondent, reliance on advice of counsel to knowingly violate a lawful Order of the Administrator does not absolve Respondent of legal liability for his actions.

As to Respondent's view that the public interest was served by the Consent Order and there is no further public interest to be protected by revocation of his license, the public interest is best served by holding those who knowingly violate Orders of the Administrator accountable. Licensees operating in the securities industry hold positions requiring the highest level of ethics. The public must be able to depend on those entrusted with their life savings to be honest, ethical

and above reproach. Further, especially in the days following the dire economic downturn largely at the hands of the financial services sector, the public interest is served when action is taken which can aid in increasing public confidence in the securities industry.

Respondent's lack of regard for the severity of his actions is troubling. The fact that he believes he can sign and consent to an Order requiring payment of a fine knowing full well at the time that he had no intention to pay on the required date shows a lack of integrity. To allow Respondent's behavior to go unchecked would signal to other licensees and the public that one can ignore Orders of the Administrator as well as the laws which this Office is to enforce.

The public has the right to assume that those functioning in the securities industry will be held to the highest standards of honesty and ethics. Respondent has shown that he is not worthy of the trust of the public which depends upon securities professionals to protect their investments. In addition, despite Respondent's arguments to the contrary, discipline in this matter will serve as a deterrent for Respondent and others who may consider not complying with Orders issued pursuant to Maine's securities laws.

Staff requested in its Petition that Respondent's agent and investment adviser representative licensed be revoked and that Respondent be barred from acting as an investment adviser in Maine or associating with any broker-dealer, issuer, or investment adviser in Maine. Respondent argued that a bar would be an extreme measure to take and Staff, in its closing argument, modified its recommendation to seek revocation but not a bar. Respondent's financial condition especially given the need to provide for his family is a mitigating factor in this case. It is reasonable to believe that given time and an opportunity to rehabilitate himself professionally, Respondent may find himself in a position to seek an opportunity to return to the securities or other financial services industry. Consequently, I agree with Staff's view that a revocation is sufficient without having to take the extra measure of barring Respondent.

#### FINDINGS OF FACT

1. At all relevant times, Respondent has been licensed in Maine as an agent and investment adviser representative.
2. On March 9, 2011, disciplinary proceedings were initiated against Respondent pursuant to 32 M.R.S. § 16412 for allegedly committing unlawful, dishonest or unethical practices in the securities business.
3. Respondent subsequently agreed to resolve the proceedings through a Consent Order, the terms of which were negotiated between the Staff and Respondent through counsel. Those terms included the payment of a \$5,000.00 fine within ten days after the Consent order was signed by the Securities Administrator.
4. Respondent signed the Consent Order on September 26, 2011. His counsel sent an email to the Securities Administrator and the Staff on September 30, 2011, reiterating that Respondent would pay the fine within ten days after the Securities Administrator signed the Consent Order.

5. Pursuant to 32 M.R.S. § 16412(2)(3) and (4), the Securities Administrator signed and issued the Consent Order on September 30, 2011. A copy of the Consent Order was emailed to Respondent's counsel the same day.
6. In addition to requiring Respondent to pay a \$5,000.00 fine within ten days, the Consent order suspended his agent and investment adviser representative licenses for nine months and imposed heightened supervision conditions on his licenses for a period of two years thereafter.
7. Respondent did not pay the fine in the time required by the Consent Order and to date has not paid any part of the fine.
8. Respondent knew that he was required by the Consent Order to pay the \$5,000.00 fine within ten days, but intentionally chose not to comply.
9. By failing to comply with the Consent Order, Respondent engaged in unlawful, dishonest, or unethical practices in the securities business.

#### CONCLUSIONS OF LAW

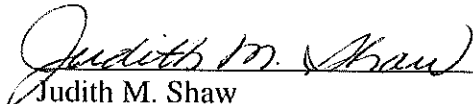
1. The Securities Administrator is authorized, if in the public interest, to discipline a licensee who intentionally or knowingly fails to comply with an order issued under the Maine Uniform Securities Act or who engages in unlawful, dishonest, or unethical conduct in the securities business. 32 M.R.S. § 16421(2)(3) & (4).
2. Discipline may include revocation of licenses and a bar order. 32 M.R.S. § 16412(2) & (3).
3. Respondent is subject to discipline under 32 M.R.S. § 16421(4) because he intentionally failed to comply with the Consent Order issued September 30, 2011.
4. Discipline is in the public interest since it will deter future misconduct, particularly conduct resulting in an intentional or knowing failure to comply with an order of the Securities Administrator, by Respondent and others and will foster public confidence in the securities industry.

ORDER

NOW, THEREFORE, it is ORDERED that the agent and investment adviser representative licenses of Respondent Douglas G. Bezio (CRD #1935693) shall be and hereby are REVOKED effective immediately.

Any party may obtain judicial review of this order in the Kennebec County Superior Court by filing a petition within thirty (30) calendar days after receipt of the order, in accordance with 5 M.R.S. §§ 11001-11008, 32 M.R.S. § 16609, and Rule 80C of the Maine Rules of Civil Procedure.

DATED: March 14, 2012

  
Judith M. Shaw  
Securities Administrator